

## JLARC to review a sales and use tax exemption for certain equipment, facilities, and services related to livestock nutrient management



Scraper used to clean facility floors



Liner installation for lagoon

**Livestock nutrient management** is the process of handling, treating, and reusing manure byproducts. Dairy and animal feeding operation owners have nutrient management plans to help them manage their manure in an economical and ecological manner.

The 2006 Legislature directed JLARC staff to conduct performance audits of tax preferences. This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

Owners of dairies and animal feeding operations do not pay sales or use tax when they purchase certain equipment related to livestock nutrient management, or services to maintain and repair equipment and facilities used in nutrient management. New facility construction is not exempt.

### State requires dairies to develop nutrient management plans

Washington's 1998 Dairy Nutrient Management Act required dairies to fully implement nutrient management plans by December 31, 2003. The Act was established to protect water quality from animal nutrient discharges and to help maintain a healthy agricultural business climate. The Legislature established this preference for dairies in 2001, and extended it to include animal feeding operations in 2006. Qualifying equipment and facilities are identified in law. They include scrapers, aerators, separators, lagoon liners and floating covers.

### Review will assess if the preference has helped dairies and animal feeding operations implement and maintain their nutrient management systems

The Legislature did not state an objective when it enacted this preference. JLARC staff infer that the preference's objective was to provide tax relief to the owners of dairies and livestock operations to help them implement and maintain nutrient management systems. The exemption has no expiration date.

1. To what extent has the preference provided tax relief to help the owners of dairies and animal feeding operations install and maintain nutrient management systems?
2. To what extent has the preference helped to protect water quality from animal nutrient discharges?

JLARC staff are also reviewing a sales and use tax exemption for anaerobic digester facilities and equipment in 2020.

### Study Timeframe

Preliminary Report: July 2020

Proposed Final Report: December 2020

## Study Team

Team Lead	Dana Lynn	(360) 786-5177	<a href="mailto:dana.lynn@leg.wa.gov">dana.lynn@leg.wa.gov</a>
Research Analyst	Eric Whitaker	(360) 786-5618	<a href="mailto:eric.whitaker@leg.wa.gov">eric.whitaker@leg.wa.gov</a>
Project Coordinator	Eric Thomas	(360) 786-5182	<a href="mailto:eric.thomas@leg.wa.gov">eric.thomas@leg.wa.gov</a>
Legislative Auditor	Keenan Konopaski	(360) 786-5187	<a href="mailto:keenan.konopaski@leg.wa.gov">keenan.konopaski@leg.wa.gov</a>

## JLARC Study Process

